

**MANNING MUNICIPAL UTILITIES  
(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENTS  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS**

**DECEMBER 31, 2022**

**T. P. ANDERSON & COMPANY, P.C.  
Certified Public Accountants**

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**MANNING MUNICIPAL UTILITIES  
(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**OFFICIALS**

**DECEMBER 31, 2022**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires</u></b>
Karen Reinke	Trustee	June 2023
Rick Lohrmann	Trustee	June 2024
Jean Hargens	Trustee	June 2025
Aaron Stangl	Trustee	June 2026
Kirk Huehn	Trustee	June 2028
Jeremy Carroll	General Manager	Indefinite



T.P. ANDERSON & COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Manning Municipal Utilities  
Manning, Iowa

### **Report on the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of each major fund of Manning Municipal Utilities (the Utility), a component unit of the City of Manning, Iowa, as of and for the years ended December 31, 2022 and 2021, and the related notes to financial statements, which collectively comprise the Utility's financial statements as listed in the table of contents.

As discussed in Note 6, the financial statements do not include an estimate of the Other Postemployment Benefits (OPEB) liability for the implicit health insurance premium rate subsidy resulting from the legal requirement to allow employees retiring after age 55 to remain on the Utility's healthcare plan until age 65. U.S. generally accepted accounting principles require any material liability resulting from the OPEB requirement to be included in the financial statements.

In our opinion, except for the effect of the matter disclosed in the above paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of Manning Municipal Utilities, a component unit of the City of Manning, Iowa, as of December 31, 2022 and 2021, and the respective changes in its financial position and its cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

#### ***Basis for Qualified Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Utility and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 17 to the financial statements, the Utility adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that arise substantial doubt about the Utility's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GASS and *Governmental Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utility's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utility's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion & Analysis, the Budgetary Comparison Information, the Schedule of the Utility's Proportionate Share of the Net Pension Liability, the Schedule of Utility Contributions, and Notes on pages 5 through 9 and 32 through 35 be presented to supplement the financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the

information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplemental Information***

Our audit was conducted for the purpose of forming opinions on the Utility's financial statements. The other information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of operating revenues and expenses are fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2023 on our consideration of the Utility's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utility's internal control over financial reporting and compliance

*T.P. Anderson & Company, P.C.*

May 22, 2023  
Humboldt, Iowa

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## MANAGEMENT'S DISCUSSION & ANALYSIS

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The management of Manning Municipal Utilities (the Utility) provides this Management's Discussion and Analysis of the Utility's financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended December 31, 2022. We encourage readers to consider this information in conjunction with the Utility's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

- ◆ The Utility's total operating revenues decreased 4.0%, or approximately \$275,000, from 2021 to 2022. Of this amount, the electric utility's operating revenue decreased approximately \$194,000, the gas utility's operating revenue decreased approximately \$31,000 and the communications utility's operating revenue decreased approximately \$50,000.
- ◆ The Utility's total operating expenses increased approximately \$13,000 from 2021 to 2022. Of this amount, the electric utility's operating expenses decreased approximately \$130,000, the gas utility's operating expenses decreased approximately \$58,000 and the communications utility's operating expenses increased approximately \$201,000.
- ◆ The Utility's total net position increased approximately \$855,000, from December 31, 2021 to December 31, 2022. Of this amount, the electric utility's net position increased approximately \$567,000, the gas utility's net position increased approximately \$364,000 and the communications utility's net position decreased approximately \$76,000.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- ◆ Management's Discussion & Analysis introduces the financial statements and provides an analytical overview of the Utility's financial activities.
- ◆ The Statements of Net Position present financial information on all of the Utility's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the Utility's net position may serve as a useful indicator of whether the financial position of the Utility is improving or deteriorating.
- ◆ The Statements of Revenue, Expenses, and Changes in Net Position present the results of the Utility's revenues and expenses over the course of the year and provide information about the Utility's recovery of costs.
- ◆ The Statements of Cash Flows present cash receipts, cash disbursements, and net changes in cash resulting from operations, noncapital financing activities, capital and related financing activities, and investing activities. This statement details where cash resources come from and how they are used.
- ◆ Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the financial statements.
- ◆ Required Supplementary Information further explains and supports the financial statements with a comparison of the Utility's budget for the year, the Utility's proportionate share of the net pension liability and related contributions, as well as presenting the funding progress for the retiree health care plan.
- ◆ Other Information provides detailed information about operating revenues and expenses. It also provides unaudited statistical data for users of the financial statements.

## FINANCIAL INFORMATION

The following condensed financial information serves as the key financial data and indicators for management, monitoring, and planning.

### Statements of Net Position (Expressed in Thousands)

	Year ended December 31,	
	2022	2021
Current assets	\$ 8,844	\$ 8,702
Noncurrent assets	17,640	15,686
Total assets	26,484	24,388
Deferred outflows of resources	118	155
Current liabilities	1,029	685
Noncurrent liabilities	8,460	7,888
Total liabilities	9,489	8,573
Deferred inflows of resources	699	410
Net position:		
Net investment in capital assets	7,191	6,505
Restricted	319	316
Unrestricted	8,904	8,738
Total net position	\$ 16,414	\$ 15,559

The following analysis focuses on the change in net position for the combined divisions of the Utility.

### Statements of Revenues, Expenses, and Changes in Net Position (Expressed in Thousands)

	Year ended December 31,	
	2022	2021
Operating revenues	\$ 6,673	\$ 6,948
Operating expenses	5,571	5,557
Income from operations	1,102	1,391
Nonoperating income	120	57
Nonoperating expenses	(367)	(428)
Net nonoperating income/(expense)	(247)	(371)
Change in net position	855	1,020
Net position, beginning, as restated	15,559	14,539
Net position, ending	\$ 16,414	\$ 15,559



## FINANCIAL ANALYSIS

As the Utility completed the year, its enterprise funds reported a combined fund net position of \$16.4 million. The next section discusses the changes for each major fund of the Utility.

### *Electric Utility*

In 2022, the electric utility realized an operating gain of approximately \$639,000 and a nonoperating loss of approximately \$72,000 for a total net gain of approximately \$567,000. This was an increase of approximately \$90,000 from 2021. The increase in net position from the prior year was primarily due to a write off of bad debt expense in 2021 that was not made in 2022.

The electric utility continued to make capital improvements during 2022 by adding approximately \$133,000 in capital assets. Offsetting the additions made during the year was depreciation expense of approximately \$373,000.

### *Gas Utility*

In 2022, the gas utility realized an operating gain of approximately \$456,000 and a nonoperating loss of approximately \$92,000 for a total net gain of approximately \$364,000. This was an increase of approximately \$74,000 from 2021. In 2021, the gas utility saw a significant increase in operating revenues and expenses during the year due to the extremely volatile gas pricing market.

The gas utility continued to make capital improvements during 2022, adding approximately \$122,000 in capital assets. Offsetting the additions made during the year was depreciation expense of approximately \$362,000.

### *Communications Utility*

In 2022, the communication utility realized an operating gain of approximately \$7,000 compared to an operating gain of approximately \$259,000 in 2021. The communications utility had a nonoperating loss of approximately \$83,000 for a total net loss of approximately \$76,000.

The Communications utility made significant capital improvements during the year, adding approximately \$2.2 million of capital assets during the year. The main factor driving the net loss during the year for communications utility was due to large disposals of obsolete capital assets and inventory. The other factor driving the loss was due to an increase in the pension expense. Overall, the net pension liability and related deferred inflows and outflows changed dramatically based on current actuarial valuations. Due to the allocation method used, the communications utility netted a higher expense than in previous years.

## SUMMARY OF USAGE STATISTICS

### *Electric Utility*

	2022		2021	
KWH purchased and generated	38,132,650	100.0%	38,128,810	100.0%
Less: Utility plant and office	(349,817)	1.0%	(325,194)	1.0%
Less: KWH not sold (Street Lights)	(125,607)	0.5%	(151,152)	0.5%
Less: KWH unaccounted for	(883,283)	2.5%	(1,393,656)	3.5%
KWH billed	36,773,943	96.0%	36,258,808	95.0%

Following is a schedule of the number of customers and the kilowatts used by customer class for the years 2022 and 2021:

2022			2021		
Customer Class	Customers	KWH Billed	Customers	KWH Billed	
Residential	659	7,764,889	708	7,332,655	
Small Commercial	115	1,966,043	135	1,775,207	
Large Commercial	23	7,928,611	25	7,628,087	
Industrial	1	19,114,400	1	19,522,859	
Total	798	36,773,943	869	36,258,808	

#### *Gas Utility*

	2022		2021	
MCFs purchased	224,313	100.0%	204,297	100.0%
Less: MCFs not sold (utility office)	(196)	0.0%	(182)	0.0%
Less: MCFs unaccounted for	(4,116)	2.0%	(4,655)	2.0%
MCFs billed	220,001	98.0%	199,460	98.0%

Following is a schedule of the number of customers and the MCFs used by customer class for the years 2022 and 2021:

2022			2021		
Customer Class	Customers	MCFs Billed	Customers	MCFs Billed	
Residential	801	57,644	785	47,507	
Commercial	167	54,037	172	43,910	
Interruptible	24	40,965	22	55,391	
Large Volume	1	3,025	1	2,196	
FAC sales	3	69,631	3	68,438	
Total	996	225,302	983	217,442	

#### *Communication Utility*

Following is a schedule of the number of customers for the years 2022 and 2021:

	2022	2021
Customers		
Cable TV	199	258
Telephone	389	398
Internet	562	543
Total	1,150	1,199

### **BUDGETARY HIGHLIGHTS**

During the year ended December 31, 2022, there were no budget amendments. Disbursements did not exceed the budgeted limit for the year ended December 31, 2022.

### **CAPITAL ASSETS**

At December 31, 2022, the Utility had approximately \$15.5 million (net of depreciation) invested in a broad range of capital assets, including land, buildings, infrastructure, equipment, and vehicles. This is an increase (including additions and deletions net of depreciation) of approximately \$1.6 million from 2021.

Capital Assets of Business Type Activities at Year End  
(Expressed in Thousands)

	Year ending December 31,	
	2022	2021
Electric utility	\$ 12,694	\$ 12,561
Gas utility	11,280	11,308
Communication utility	2,589	1,229
Total	26,563	25,098
Less: accumulated depreciation	10,929	11,164
Net capital assets	\$ 15,634	\$ 13,934

## LONG TERM DEBT

At December 31, 2022, the Utility had approximately \$9.0 million in revenue notes and other debt outstanding.

Outstanding Revenue Notes of Business Type Activities at Year End  
(Expressed in Thousands)

	Year ending December 31,	
	2022	2021
Revenue notes, electric series 2016	\$ 1,891	\$ 2,130
Revenue notes, gas series 2020	5,139	5,299
Revenue notes, comm series 2022	1,413	-
Communication interfund note	450	450
Net pension liability	8	438
Total	\$ 8,901	\$ 8,317

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Utility continued to improve its financial position during the year. Management continues to monitor all relevant factors that affect the utility including, but not limited to, the following:

- ◆ Facilities at the Utility require constant maintenance and upkeep.
- ◆ The challenge for the Utility to comply with ever-changing Federal and State legislation.
- ◆ Planning for the future of the Utility (power supply, transmission, distribution and cost of services).
- ◆ Cash flow analysis will be done on an annual basis in order to maintain the appropriate rates charged for services.

## CONTACTING THE UTILITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Manning Municipal Utilities' finances and to provide accountability for the money the Utility receives. If you have questions about this report or need additional financial information, contact the Utility's administration office at 321 Center Street, Manning, IA 51455.

## **FINANCIAL STATEMENTS**

**MANNING MUNICIPAL UTILITIES**  
**(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**STATEMENTS OF NET POSITION**

**DECEMBER 31, 2022 AND 2021**

	Electric	
	2022	2021
<b>Assets</b>		
Current assets:		
Unrestricted cash and cash equivalents	\$ 1,418,304	1,106,189
Restricted cash and cash equivalents	66,466	211,575
Unrestricted investments in certificates of deposit	2,214,490	2,199,835
Accounts receivable, net - trade	78,563	289,319
Accounts receivable - other	-	3,279
Unbilled usage	275,080	-
Current portion of lease receivables	-	-
Current portion of notes receivable	-	-
Current portion of revolving loan funds receivable	14,885	7,076
Current portion of interfund loan receivable	-	-
Inventories	88,944	65,877
Accrued interest receivable	10,418	9,148
Prepaid expenses	13,423	32,893
Total current assets	<u>4,180,573</u>	<u>3,925,191</u>
Noncurrent assets:		
Notes receivable, net of current portion	-	-
Revolving loan receivable, net of current portion	222,787	81,982
Interfund loan receivable, net of current portion	-	-
Lease receivables, net of current portion	-	-
Capital assets, net of accumulated depreciation	3,965,151	4,205,808
Deferred patronage receivable	892,150	687,984
Total noncurrent assets	<u>5,080,088</u>	<u>4,975,774</u>
<b>Total assets</b>	<u>9,260,661</u>	<u>8,900,965</u>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	<u>37,806</u>	<u>58,558</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	158,750	72,989
Current portion of interfund loan payable	-	-
Unearned revenue	-	-
Customer deposits	9,400	8,800
Current portion of revenue notes	242,000	234,000
Other accrued expenses	21,587	15,627
Total current liabilities	<u>\$ 431,737</u>	<u>331,416</u>

See notes to financial statements

Gas		Communications		Total	
2022	2021	2022	2021	2022	2021
2,235,545	1,654,647	18,798	889,498	3,672,647	3,650,334
34,846	34,696	1,400	1,900	102,712	248,171
1,474,130	1,462,868	105,636	105,063	3,794,256	3,767,766
108,891	168,054	74,255	46,389	261,709	503,762
3,062	5,618	-	-	3,062	8,897
363,562	111,586	-	-	638,642	111,586
-	-	4,838	4,683	4,838	4,683
47,697	50,790	-	-	47,697	50,790
-	-	-	-	14,885	7,076
50,000	50,000	-	-	50,000	50,000
92,238	82,601	27,953	89,342	209,135	237,820
13,718	9,645	341	339	24,477	19,132
3,080	3,470	3,309	5,535	19,812	41,898
4,426,769	3,633,975	236,530	1,142,749	8,843,872	8,701,915
156,343	241,611	-	-	156,343	241,611
-	-	-	-	222,787	81,982
400,000	400,000	-	-	400,000	400,000
-	-	335,166	340,004	335,166	340,004
9,161,279	9,550,489	2,507,122	178,115	15,633,552	13,934,412
-	-	-	-	892,150	687,984
9,717,622	10,192,100	2,842,288	518,119	17,639,998	15,685,993
14,144,391	13,826,075	3,078,818	1,660,868	26,483,870	24,387,908
39,149	69,030	41,291	27,623	118,246	155,211
228,147	20,776	42,186	3,202	429,083	96,967
-	-	50,000	50,000	50,000	50,000
-	-	36,757	36,757	36,757	36,757
10,250	10,100	1,400	1,900	21,050	20,800
150,000	145,000	-	-	392,000	379,000
40,383	63,343	38,412	22,710	100,382	101,680
428,780	239,219	168,755	114,569	1,029,272	685,204

**MANNING MUNICIPAL UTILITIES**  
**(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**STATEMENTS OF NET POSITION**  
**(CONTINUED)**

**DECEMBER 31, 2022 AND 2021**

	Electric	
	2022	2021
Noncurrent liabilities:		
Revenue notes, net of current portion	\$ 1,648,771	1,896,363
Interfund loan payable, net of current portion	-	-
Net pension liability	2,819	153,155
Total noncurrent liabilities	1,651,590	2,049,518
<b>Total liabilities</b>	<b>2,083,327</b>	<b>2,380,934</b>
<b>Deferred Inflows of Resources</b>		
Pension related deferred inflows	114,842	44,906
Lease related deferred inflows	-	-
<b>Total deferred inflows of resources</b>	<b>114,842</b>	<b>44,906</b>
<b>Net Position</b>		
Net investment in capital assets	2,074,380	2,075,445
Restricted	294,738	291,833
Unrestricted	4,731,180	4,166,405
<b>Total net position</b>	<b>\$ 7,100,298</b>	<b>\$ 6,533,683</b>

See notes to financial statements

Gas		Communications		Total	
2022	2021	2022	2021	2022	2021
\$ 4,989,602	5,154,149	1,412,500	-	8,050,873	7,050,512
-	-	400,000	400,000	400,000	400,000
2,920	206,157	3,079	78,354	8,818	437,666
4,992,522	5,360,306	1,815,579	478,354	8,459,691	7,888,178
5,421,302	5,599,525	1,984,334	592,923	9,488,963	8,573,382
118,922	16,555	125,423	4,144	359,187	65,605
-	-	340,004	344,687	340,004	344,687
118,922	16,555	465,427	348,831	699,191	410,292
4,021,677	4,251,340	1,094,622	178,115	7,190,679	6,504,900
24,596	24,596	-	-	319,334	316,429
4,597,043	4,003,089	(424,274)	568,622	8,903,949	8,738,116
8,643,316	8,279,025	670,348	746,737	16,413,962	15,559,445



**MANNING MUNICIPAL UTILITIES**  
**(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Electric	
	2022	2021
Operating revenue	\$ 3,194,650	3,388,888
Operating expenses:		
Plant operation	1,941,096	2,156,399
Distribution	313,363	279,086
Accounting and collection	41,357	35,007
Administrative and general	259,725	215,455
Total operating expenses	2,555,541	2,685,947
Operating income (loss)	639,109	702,941
Nonoperating revenues (expenses):		
Joint lease payment	-	-
Contributions to the City in lieu of taxes	-	(12,228)
Economic development contributions	(20,599)	(25,463)
Interest expense	(47,064)	(57,500)
Depreciation - communication infrastructure	(59,076)	(59,076)
Interest income	19,612	19,256
Revolving loan fund expenses	(2,173)	(125)
Gain (loss) on disposal of assets	-	-
Bad debt expense	-	(99,483)
Miscellaneous	36,806	8,173
Net nonoperating revenues (expenses)	(72,494)	(226,446)
Change in net position	566,615	476,495
Net position, beginning of year, as restated	6,533,683	6,057,188
Net position, end of year	\$ 7,100,298	6,533,683

See notes to financial statements

Gas		Communications		Total	
2022	2021	2022	2021	2022	2021
2,529,969	2,561,400	947,686	998,079	6,672,305	6,948,367
1,322,439	1,288,794	395,421	385,990	3,658,956	3,831,183
534,637	541,009	194,538	121,489	1,042,538	941,584
37,731	42,317	29,320	25,034	108,408	102,358
179,261	260,414	321,534	206,451	760,520	682,320
2,074,068	2,132,534	940,813	738,964	5,570,422	5,557,445
455,901	428,866	6,873	259,115	1,101,883	1,390,922
47,760	-	(47,760)	-	-	-
-	-	-	-	-	(12,228)
(28,399)	(26,895)	(99)	(95)	(49,097)	(52,453)
(136,051)	(140,263)	(29,300)	(6,750)	(212,415)	(204,513)
-	-	-	-	(59,076)	(59,076)
43,762	29,022	26,268	1,399	89,642	49,677
-	-	-	-	(2,173)	(125)
-	-	(42,271)	-	(42,271)	-
(2,771)	-	-	-	(2,771)	(99,483)
(15,911)	(710)	9,900	-	30,795	7,463
(91,610)	(138,846)	(83,262)	(5,446)	(247,366)	(370,738)
364,291	290,020	(76,389)	253,669	854,517	1,020,184
8,279,025	7,989,005	746,737	493,068	15,559,445	14,539,261
8,643,316	8,279,025	670,348	746,737	16,413,962	15,559,445

**MANNING MUNICIPAL UTILITIES**  
**(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Electric	
	2022	2021
Cash flows from operating activities:		
Cash received from customers	\$ 3,134,205	3,407,694
Cash paid to suppliers	(2,130,745)	(2,334,412)
Cash paid to employees	(286,599)	(183,148)
Net cash provided by (used in) operating activities	<u>716,861</u>	<u>890,134</u>
Cash flows from noncapital financing activities:		
Contribution to City - in lieu of taxes	-	(12,228)
Net revolving loan fund	(150,787)	7,077
Net cash provided by noncapital financing activities	<u>(150,787)</u>	<u>(5,151)</u>
Cash flows from capital and related financing activities:		
Cash paid/received from joint use financing	-	-
Proceeds from sale of capital assets	-	-
Acquisition and construction of capital assets	(132,749)	(105,084)
Repayment of notes payable	(239,592)	(431,000)
Cash payments for interest	(46,621)	(58,297)
Net cash used in capital and related financing activities	<u>(418,962)</u>	<u>(594,381)</u>
Cash flows from investing activities:		
Loan proceeds received	-	-
Economic development contributions	(20,599)	(25,463)
Net notes receivable	-	-
Cash received for interest	18,342	41,160
Miscellaneous income/expense	36,806	8,173
Net cash provided by (used in) investing activities	<u>34,549</u>	<u>23,870</u>
Net increase (decrease) in cash and cash equivalents	181,661	314,472
Cash and cash equivalents, beginning of year	<u>3,517,599</u>	<u>3,203,127</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,699,260</u></u>	<u><u>\$ 3,517,599</u></u>

See notes to financial statements.

Gas		Communications		Total	
2022	2021	2022	2021	2022	2021
2,339,862	2,465,838	919,320	1,000,103	6,393,387	6,873,635
(1,347,214)	(1,520,849)	(623,476)	(653,503)	(4,101,435)	(4,508,764)
(261,524)	(329,474)	(148,331)	(133,457)	(696,454)	(646,079)
731,124	615,515	147,513	213,143	1,595,498	1,718,792
-	-	-	-	-	(12,228)
-	-	-	-	(150,787)	7,077
-	-	-	-	(150,787)	(5,151)
47,760	-	(47,760)	-	-	-
149,639	-	-	-	149,639	-
(121,941)	(517,648)	(2,401,884)	(26,055)	(2,656,574)	(648,787)
(159,547)	(154,548)	-	-	(399,139)	(585,548)
(135,694)	(140,608)	(17,063)	(9,090)	(199,378)	(207,995)
(219,783)	(812,804)	(2,466,707)	(35,145)	(3,105,452)	(1,442,330)
-	-	1,412,500	-	1,412,500	-
(28,399)	(26,895)	(99)	(95)	(49,097)	(52,453)
85,590	107,919	-	-	85,590	107,919
39,689	37,703	26,266	2,562	84,297	81,425
(15,911)	(710)	9,900	-	30,795	7,463
80,969	118,017	1,448,567	2,467	1,564,085	144,354
592,310	(79,272)	(870,627)	180,465	(96,656)	415,665
3,152,211	3,231,483	996,461	815,996	7,666,271	7,250,606
3,744,521	3,152,211	125,834	996,461	7,569,615	7,666,271

**MANNING MUNICIPAL UTILITIES**  
**(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**STATEMENTS OF CASH FLOWS**  
**(CONTINUED)**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Electric	
	2022	2021
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 639,109	702,941
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	314,330	317,292
Change in accounts receivable and unbilled usage	(61,045)	17,506
Change in patronage receivables	(204,166)	(57,876)
Change in inventories	(23,067)	15,831
Change in prepaid expenses	19,470	1,039
Change in deferred outflows of resources	20,752	(9,439)
Change in accounts payable and accrued expenses	91,278	(112,879)
Change in unearned revenue	-	-
Change in customer deposits	600	1,300
Change in net pension liability	(150,336)	28,861
Change in deferred inflows of resources	69,936	(14,442)
Net cash provided by (used in) operating activities	<u>\$ 716,861</u>	<u>890,134</u>
Reconciliation of cash and cash equivalents at year-end to specific assets included in the Statements of Net Position:		
Current assets:		
Unrestricted cash and cash equivalents	\$ 1,418,304	1,106,189
Restricted cash and cash equivalents	66,466	211,575
Unrestricted investments in certificates of deposit	2,214,490	2,199,835
Cash and cash equivalents, end of year	<u>\$ 3,699,260</u>	<u>3,517,599</u>

See notes to financial statements.

Gas		Communications		Total	
2022	2021	2022	2021	2022	2021
455,901	428,866	6,873	259,115	1,101,883	1,390,922
361,512	247,193	30,606	31,631	706,448	596,116
(190,257)	(95,462)	(27,866)	(2,979)	(279,168)	(80,935)
-	-	-	-	(204,166)	(57,876)
(9,637)	2,275	61,389	(70,178)	28,685	(52,072)
390	(146)	2,226	189	22,086	1,082
29,881	(16,413)	(13,668)	(6,728)	36,965	(32,580)
184,054	24,234	42,449	(13,184)	317,781	(101,829)
-	-	-	4,303	-	4,303
150	(100)	(500)	700	250	1,900
(203,237)	50,178	(75,275)	20,569	(428,848)	99,608
102,367	(25,110)	121,279	(10,295)	293,582	(49,847)
<u>731,124</u>	<u>615,515</u>	<u>147,513</u>	<u>213,143</u>	<u>1,595,498</u>	<u>1,718,792</u>
2,235,545	1,654,647	18,798	889,498	3,672,647	3,650,334
34,846	34,696	1,400	1,900	102,712	248,171
1,474,130	1,462,868	105,636	105,063	3,794,256	3,767,766
<u>3,744,521</u>	<u>3,152,211</u>	<u>125,834</u>	<u>996,461</u>	<u>7,569,615</u>	<u>7,666,271</u>

**MANNING MUNICIPAL UTILITIES  
(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Manning Municipal Utilities (the Utility) is a component unit of the City of Manning, Iowa. The Utility is engaged in the activities of providing electric energy, gas, telephone, cable and internet services to consumers. The Mayor appoints the trustees of the Utility subject to approval by the City Council. The City Council also accepts the Utility's operating budget.

The Utility's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America applicable for proprietary funds of governmental entities as prescribed by the Governmental Accounting Standards Board.

**Reporting Entity**

For financial reporting purposes, the Utility has included all funds, organizations, agencies, boards, commissions, and authorities. The Utility has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Utility are such that exclusion would cause the Utility's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Utility to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Utility. The Utility has no component units which meet the Governmental Accounting Standards Board criteria.

The Utility has been identified as a component unit for the City of Manning, however, it is not presented as such in the City's financial statements. The Utility is a legally separate entity from the City, but it is financially accountable to the City.

**Basis of Presentation**

The accounts of the Utility are organized as enterprise funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted by providing a separate set of accounts for assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses. The existing funds, which are all considered major, are as follows:

- The Electric Fund is used to account for the operation and maintenance of the electrical system.
- The Gas Fund is used to account for the operation and maintenance of the gas system.
- The Communications Fund is used to account for the internet, telephone, and cable television networks.

**Measurement Focus and Basis of Accounting**

The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**MANNING MUNICIPAL UTILITIES  
(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**NOTES TO FINANCIAL STATEMENTS**

The Utility distinguishes operating receipts and disbursements from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utility are charges to customers for sales and services. Operating expenses for the Utility include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When an expenditure is incurred which can be paid using either restricted or unrestricted resources, the Utility's policy is generally to first apply the expenditure toward restricted fund balances and then to unrestricted fund balances.

**Budgetary Information**

In accordance with the Code of Iowa, the Board of Trustees annually adopts a budget following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. During the year ended December 31, 2022, disbursements did not exceed the amount budgeted. There were no budget amendments.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results could differ from those estimates.

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position**

The following accounting policies are followed in preparing the statement of net position:

Cash and Cash Equivalents – The various funds of the Utility combine their cash and invested cash funds into several shared bank accounts at two financial institutions. The Utility considers savings accounts and all other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments are carried at cost which approximates market value.

Accounts Receivable and Allowance for Doubtful Accounts – The Utility uses the allowance method to account for uncollectible accounts receivable. Management uses its judgment based primarily on the length of time specific accounts have been outstanding in determining the estimated allowance for doubtful accounts and related accounts receivable write-offs. A 1.5% per month penalty is charged to accounts older than 30 days. The allowance for doubtful accounts were zero at December 31, 2022 and 2021.

Inventories – Inventories are valued at the lower of cost or market. The average cost method is used for determining the cost of materials and supplies inventory. Inventories are recorded as an expenditure or, if applicable, capitalized, when consumed.

Capital Assets – Capital assets are carried at cost. Cost of labor, materials, supervision, and other costs incurred making improvements and replacements to the system, except minor replacements, are charged to



**MANNING MUNICIPAL UTILITIES  
(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**NOTES TO FINANCIAL STATEMENTS**

the plant accounts while such costs incurred in making normal repairs, minor replacements, and maintaining the assets in efficient operating condition are charged to expense. The Utility capitalizes interest costs incurred on funds used to construct property, plant and equipment. The capitalized interest is recorded as part of the asset to which it relates and is written off over the asset's estimated useful life. The Utility computes depreciation on buildings and equipment using the straight-line method over the estimated useful lives of the property. Estimated useful lives of the buildings range from twenty to fifty years, while the lives of the equipment are estimated to range from three to thirty years.

Provisions for depreciation of generating, transmission, and distribution plant are computed on a straight-line basis employing a group method. The original costs of assets retired (not constituting the sale of an operating unit or system) together with the costs of removal less salvage are charged to the related accumulated depreciation accounts. In accounting for the sale of operating units or systems, gains or losses are reflected in net revenue.

Provisions for depreciation of general plant are computed on a straight-line basis employing the unit depreciation method. The original cost of property retired is removed from the general plant accounts and the related accumulated depreciation accounts are charged for the depreciation taken to date. Gain or loss is recognized to the extent that the salvage value of the assets retired exceeds or falls short of the remaining book value of the assets retired.

Leases – The Utility is a lessor for noncancellable lease for space for cellular antennas on water towers. The Utility recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Utility initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Utility determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts. The Utility uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Utility monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the Utility after the measurement date but before the end of the Utility's reporting period.

**MANNING MUNICIPAL UTILITIES  
(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**NOTES TO FINANCIAL STATEMENTS**

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Deferred inflows of resources in the Statements of Net Position consist of the unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets and leased assets.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences – Utility employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the financial statements. The compensated absences liability has been computed based on rates of pay in effect at January 1, 2023.

**Statement of Revenues and Expenses**

Transactions deemed by management to be ongoing, major, or central to the production of Utility sales are reported as operating revenues and expenses. Peripheral or incidental transactions are reported as non-operating revenues and expenses. For gas services, meters are read and bills are rendered on a cycle basis near mid-month. Revenues earned are recorded through the date meters are read each month. Additionally, revenues earned from utility usage delivered after meters are read to the end of the month during the last month of the year are estimated and recorded.

**Net Position**

Net position is presented in the following three components:

- *Net Investment in Capital Assets* consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances for bonds, notes, and other borrowings attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* consists of funds on which constraints have been externally imposed by creditors, such as through debt covenants, grantors, contributors, or the laws or regulations of other governments.
- *Unrestricted* consists of all amounts not included in the preceding classifications.

**MANNING MUNICIPAL UTILITIES  
(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – CASH AND INVESTMENTS**

The Utility's deposits in financial institutions at December 31, 2022 and 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The Utility is authorized by statute to invest public funds in obligations of the United States government, its agencies, and its instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk – The Utility's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Utility.

Custodial credit risk – Custodial credit risk is the risk that in the event of financial institution failure, the Utility's deposits and/or investments may not be returned. The Utility does not believe that it has a significant custodial credit risk.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72 at December 31, 2022 and 2021.

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the years ended December 31, 2022 and 2021 was as follows:

	2022			
	Balance, Beginning of Year	Increases	Decreases	Balance, End of Year
Electric Utility:				
Telecommunication Infrastructure	\$ 2,337,118	-	-	2,337,118
Production	5,564,459	-	-	5,564,459
Transmission	145,517	73,744	-	219,261
Distribution	3,868,999	-	-	3,868,999
General	644,822	59,005	-	703,827
Total Electric Utility	12,560,915	132,749	-	12,693,664
Less: accumulated depreciation	8,355,107	373,406	-	8,728,513
Net Electric Utility capital assets	\$ 4,205,808	(240,657)	-	3,965,151
Gas Utility:				
Land, plants and mains	\$10,624,504	48,732	-	10,673,236
Construction in progress	149,639	-	149,639	-
Warehouse	71,130	-	-	71,130

**MANNING MUNICIPAL UTILITIES  
(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**NOTES TO FINANCIAL STATEMENTS**

Shop equipment	173,081	-	-	173,081
Office equipment and fixtures	156,669	24,820	-	181,489
Transportation equipment	68,248	48,390	-	116,638
Border station	16,232	-	-	16,232
General Equipment	48,245	-	-	48,245
Total Gas Utility	11,307,748	121,942	149,639	11,280,051
Less: accumulated depreciation	1,757,259	361,513	-	2,118,772
Net Gas Utility capital assets	<u>\$ 9,550,489</u>	<u>(239,571)</u>	<u>149,639</u>	<u>9,161,279</u>
Communications Utility:				
Construction in progress	\$ -	2,367,380	-	2,367,380
Plant	60,822	-	60,822	-
Headend	190,617	-	126,410	64,207
Equipment	974,271	10,415	853,985	130,699
Office equipment	3,215	24,090	368	26,937
Total Communication Utility	1,228,925	2,401,885	1,041,217	2,589,223
Less: accumulated depreciation	1,050,810	30,606	999,315	82,101
Net Communications Utility	<u>\$ 178,115</u>	<u>2,371,279</u>	<u>41,902</u>	<u>2,507,122</u>
2021				
	Balance, Beginning of Year	Increases	Decreases	Balance, End of Year
Electric Utility:				
Telecommunication Infrastructure	\$ 2,337,118	-	-	2,337,118
Production	5,564,459	-	-	5,564,459
Transmission	44,188	101,329	-	145,517
Distribution	3,868,999	-	-	3,868,999
General	641,068	3,754	-	644,822
Total Electric Utility	12,455,832	105,083	-	12,560,915
Less: accumulated depreciation	7,978,740	376,367	-	8,355,107
Net Electric Utility capital assets	<u>\$ 4,477,092</u>	<u>(271,284)</u>	<u>-</u>	<u>4,205,808</u>
Gas Utility:				
Land, plants and mains	\$ 7,233,865	3,390,639	-	10,624,504
Construction in progress	3,026,386	149,639	3,026,386	149,639
Warehouse	71,130	-	-	71,130
Shop equipment	169,327	3,754	-	173,081
Office equipment and fixtures	156,669	-	-	156,669
Transportation equipment	68,248	-	-	68,248
Border station	16,232	-	-	16,232
General Equipment	48,245	-	-	48,245
Total Gas Utility	10,790,102	3,544,032	3,026,386	11,307,748
Less: accumulated depreciation	1,510,066	247,193	-	1,757,259
Net Gas Utility capital assets	<u>\$ 9,280,036</u>	<u>3,296,839</u>	<u>3,026,386</u>	<u>9,550,489</u>
Communications Utility:				
Plant	\$ 60,822	-	-	60,822
Headend	184,954	5,663	-	190,617
Equipment	953,877	20,394	-	974,271

**MANNING MUNICIPAL UTILITIES  
(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**NOTES TO FINANCIAL STATEMENTS**

Office equipment	3,215	-	-	3,215
Total Communication Utility	1,202,868	26,057	-	1,228,925
Less: accumulated depreciation	1,019,179	31,631	-	1,050,810
Net Communications Utility	\$ 183,689	(5,574)	-	178,115

**NOTE 4 – PENSION AND RETIREMENT BENEFITS**

Plan Description – IPERS membership is mandatory for employees of the Utility, except for those covered by another retirement system. Employees of the Utility are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012, will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**MANNING MUNICIPAL UTILITIES  
(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**NOTES TO FINANCIAL STATEMENTS**

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

During the IPERS reporting periods, pursuant to the required rate, regular members contributed 6.29% of covered payroll and the Utility contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Utility’s contributions to IPERS during the calendar years ended December 31, 2022 and 2021 were \$54,336 and \$49,932 respectively.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At December 31, 2022 and 2021, the Utility reported a liability of \$8,818 and \$437,666, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Utility’s proportion of the net pension liability was based on the Utility’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the Utility’s proportion was -0.002554% percent, which was a decrease of 0.008785% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2022 and 2021 the Utility recognized pension expense of \$(43,965) and \$67,115, respectively. At December 31, 2022, the Utility reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expect and actual experience	\$ 6,708	6,736
Changes of assumptions	5,768	-
Difference between projected and actual earnings on IPERS’ investments	-	319,480
Changes in proportion and differences between Utility contributions and the Utility’s proportionate share of contributions	26,592	32,971
Utility contributions subsequent to the measurement date	79,178	-
	\$ 118,246	359,187

\$79,178 reported as deferred outflows of resources related to pensions resulting from Utility contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended December 31,	
2023	\$ (81,260)
2024	(82,917)
2025	(72,807)
2026	(83,775)
2027	639
	<u>\$ (320,119)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43 %
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	( 0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
	<u>100.0%</u>	

**MANNING MUNICIPAL UTILITIES  
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**NOTES TO FINANCIAL STATEMENTS**

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Utility will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS’ fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS’ investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Utility’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Utility’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Utility’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
2022 Utility’s proportionate share of the net pension liability	\$ 312,088	8,818	(245,342)
2021 Utility’s proportionate share of the net pension liability	\$ 729,772	437,666	192,740

IPERS’ Fiduciary Net Position – Detailed information about IPERS’ fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at [www.ipers.org](http://www.ipers.org).

Payable to IPERS – At December 31, 2022 and 2021, the Utility did not report any payables to IPERS for legally required Utility contributions or for legally required employee contributions withheld from employee wages but not yet remitted to IPERS.

**NOTE 5 – RISK MANAGEMENT**

The Utility is exposed to various risks of loss related to torts, errors and omissions, injuries to employees, natural disasters, and theft of, damage to and destruction of assets. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Utility assumes liability for any deductibles and claims in excess of coverage limitations.

**NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

GASB Statement No. 75 requires that all OPEB liabilities (other than pensions) whether explicit or implicit be measured and disclosed in financial statements prepared in accordance with accounting principles generally accepted in the United States of America. Management of the Utility has not had the OPEB calculated and no liability is disclosed.

As required by state law, the Utility offers health insurance to former employees who have retired after age 55, but have not yet reached Medicare eligibility. This arrangement generally creates an implicit OPEB liability. The fully insured plan is part of the plan offered to all Utility employees, whereby the retirees must



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**NOTES TO FINANCIAL STATEMENTS**

pay the full cost of a health insurance premium equal to that charged by current employees. There are currently no retired members covered by the plan.

**NOTE 7 – LONG-TERM DEBT**

A summary of changes in long-term debt for the years ended December 31, 2022 and 2021 is as follows:

	2022			Due	
	Beginning Balances	Increases	Decreases	Ending Balances	Within One Year
Business-type activities:					
Revenue Notes (1)	\$ 7,429,512	1,412,500	399,139	8,442,873	392,000
Communications Interfund Note	450,000	-	-	450,000	50,000
Net Pension Liability	437,666	-	428,848	8,818	-
Business-type activities total:	<u>\$ 8,317,178</u>	<u>1,412,500</u>	<u>827,987</u>	<u>8,901,691</u>	<u>442,000</u>

(1) Bonds were sold at a premium; unamortized premium at December 31, 2022 total \$334,602.

	2021			Due	
	Beginning Balances	Increases	Decreases	Ending Balances	Within One Year
Business-type activities:					
Revenue Notes (2)	\$ 8,015,060	-	585,548	7,429,512	379,000
Communications Interfund Note	450,000	-	-	450,000	50,000
Net Pension Liability	338,058	-	101,966	437,666	-
Business-type activities total:	<u>\$ 8,803,118</u>	<u>-</u>	<u>687,514</u>	<u>8,317,178</u>	<u>429,000</u>

(2) Bonds were sold at a premium; unamortized premium at December 31, 2021 total \$349,149.

**Revenue Notes**

Series 2016 Electric Revenue Capital Loan Notes were issued December 2016 by the electric utility in the amount of \$3,520,000. The notes mature December 1, 2030, with interest rates from 2.5% to 4.3% per annum, payable semiannually at June 1 and December 1. The notes were issued to construct improvements to the electric system.

Series 2020 Gas Revenue Capital Loan Notes were issued March 2020 by the gas utility in the amount of \$5,190,000. The note matures December 1, 2045, with interest rate at 3% per annum, payable semi annually at June 1 and December 1. The notes were issued to help defray the costs of planning, designing and constructing improvements and extensions for greater capacity to supply new and existing customers.

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**NOTES TO FINANCIAL STATEMENTS**

Series 2022, Communication Revenue Notes were issued April 6, 2022 in the amounts not to exceed \$2,500,000 for the purpose of paying the cost of constructing improvements and extensions to the telecommunications utility. The interim financing note matures on April 1, 2024 and bears interest at a rate of 3.475% per annum.

The resolution providing for the issuances of the revenue notes includes the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to revenue note retirement accounts for the purpose of making the note principal and interest payments when due.
- (c) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

A summary of the Utility's December 30, 2022 revenue notes payable is as follows:

Year Ending December 31,	Electric		Gas	
	Issued Dec 2016		Issued March 2020	
	Principal	Interest	Principal	Interest
2023	\$ 242,000	47,835	150,000	146,606
2024	250,000	42,390	155,000	142,106
2025	257,000	36,765	160,000	137,456
2026	259,000	30,982	165,000	132,656
2027	270,000	25,155	170,000	127,706
2028-2032	612,771	38,497	925,000	559,030
2033-2037	-	-	1,060,000	421,593
2038-2042	-	-	1,195,000	288,569
2043-2045	-	-	825,000	66,800
Total	\$ 1,890,771	221,624	4,805,000	2,022,522

Year Ending December 31,	Communication		Total	
	Issued April 2022		Total	
	Principal	Interest	Principal	Interest
2023	\$ -	49,084	392,000	150,956
2024	1,412,500	49,084	1,817,500	146,606
2025	-	-	417,000	142,106
2026	-	-	424,000	137,456
2027	-	-	440,000	132,656
2028-2032	-	-	1,537,771	586,030
2033-2037	-	-	1,060,000	447,843
2038-2042	-	-	1,195,000	319,825
2043-2045	-	-	825,000	110,000

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Total	\$	1,412,500	98,168	8,108,271	2,173,478
Bond Premium				334,602	
Total Revenue Notes				8,442,873	

**Interfund Loans**

Management authorized interfund loans from the Gas Fund to the Communications Fund in the amount of \$500,000 dedicated to financing the construction of the Utility's broadband telecommunications network. All monies transferred shall be repaid to the originating account by December 1, 2028 with interest at a rate of 1% above the local bank rate paid on a twelve-month certificate of deposit. Funds will be repaid depending on cash flow of the communication utility. The interest rate was calculated to be 1.5% and the outstanding balance on the loan was \$450,000 at December 31, 2022 and 2021.

Estimated principal and interest payments required under this obligation as of December 31, 2022 are as follows:

Year Ending December 31,	Communication, Interfund Note	
	Principal	Interest
2023	\$ 50,000	6,750
2024	50,000	6,000
2025	50,000	5,250
2026	50,000	4,500
2027	50,000	3,750
2028-2029	200,000	7,500
	<u>\$ 450,000</u>	<u>33,750</u>

**NOTE 8 – COMPENSATED ABSENCES**

The Utility employees accumulate a limited amount of earned but unused paid time off hours for subsequent use or for payment upon termination, death or retirement. The Utility's approximately liability for earned time payable to employees at December 31, 2022 and 2021 is as follows:

	Electric	Gas	Communications	Total
December 31, 2022:	\$ 13,050	13,358	14,339	\$ 40,747
December 31, 2021:	\$ 6,967	29,471	7,131	\$ 43,569

**NOTE 9 – JOINT LEASE AGREEMENT**

The Board of Trustees has approved a joint lease agreement between the Gas Utility and the Communications Utility. Through the joint use agreement, the Communications Utility is granted the right to use the fiber and coaxial networks that were constructed and placed in service during 2021. Portions of this system maintained by the Gas Utility are leased under an operating lease requiring annual payments extending to December 31, 2047. During the years ended December 31, 2022 and 2021 payments made on the lease agreement were \$47,760 and \$0, respectively.

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 – RESTRICTED ASSETS/NET POSITION**

As of December 31, 2022 and 2021, restricted net position consisted of the following:

Electric Utility	2022	2021
Revolving loan funds	\$ 294,738	291,833
Gas Utility	2022	2021
Sinking Fund	\$ 24,596	24,596

**NOTE 11 – NOTES RECEIVABLE**

From time to time the Utility receives notes in exchange for the construction and extension of gas lines. During the year, the Gas Utility had four notes outstanding. The amortization of the note requires monthly payments that include interest of 3.00%. As of December 31, 2022 and 2021, the outstanding balances were \$204,040 and \$292,401, respectively.

A summary of the annual principal and interest requirements to maturity by year is as follows:

Year Ending December 31,	Notes Receivables	
	Principal	Interest
2022	\$ 47,697	5,473
2023	47,178	3,934
2024	34,910	2,746
2025	35,983	1,674
2026	36,759	567
2027	1,513	8
	\$ 204,040	14,402

**NOTE 12 – REVOLVING LOAN FUND**

The Utility implemented a revolving loan program in 2011. The program was funded with a \$250,000 Grant from USDA Rural Development and a \$50,000 local match. This program has made three loans to local organizations in furthering economic development in the Manning area. The ending balance of these loans was \$237,672, and \$89,058 at December 31, 2022 and 2021, respectively, with interest rates ranging from 0-4.75%. Annual principal and interest requirements to maturity are as follows:

Year Ending December 31,	Revolving Loan Funds	
	Principal	Interest
2023	\$ 14,885	4,867
2024	30,970	8,698
2025	32,397	7,271
2026	33,891	5,777
2027	35,454	4,212
2028-2030	90,075	3,827
	\$ 237,672	34,652

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 – PAYMENT TO THE CITY**

The Utility made voluntary cash donations to the City of Manning amounting to \$0 and \$12,228 for the years ended December 31, 2022 and 2021, respectively.

**NOTE 14 – CONTRACTS/COMMITMENTS**

The Utility has a long-term wholesale power contract for purchase of firm capacity and energy from the Northwest Iowa Power Cooperative for the delivery of power and energy. The seasonal firm power is determined by formula which recognizes the available marketable resources.

**NOTE 15 – INVESTMENT IN WIMECA**

Western Iowa Electric Cooperative Association (WIMECA) was incorporated on December 4, 1973, under the laws of Iowa. The Association operates as a cooperative for six municipalities. The primary activity of the Association is the acquisition of electric power and energy which is sold to its member municipalities.

It is the intent of the Association to operate as a Cooperative Association and, accordingly, earnings are distributed in accordance with the provisions of Chapter 499 of the Code of Iowa. In order to comply with such provisions, earnings must first be allocated to meet certain reserve and surplus requirements with remaining earnings allocated to the account of each member municipality based on the proportion of business which each municipality has done with the Association during the year. The Utility's proportion of business for the year ended December 31, 2022 and 2021 was 31.42% and 31.94% respectively.

A summary of financial information of WIMECA is outlined below. These financial statements are available at the Utility office.

	December 31, 2022	December 31, 2021
Total Assets	<u>\$ 5,599,213</u>	<u>\$ 4,818,418</u>
Total Liabilities	460,077	152,815
Total Equity	<u>5,139,136</u>	<u>4,665,603</u>
Total Liabilities and Equity	<u>\$ 5,599,213</u>	<u>\$ 4,818,418</u>
Total Revenue	7,258,263	6,146,090
Total Expense	<u>6,536,405</u>	<u>5,792,673</u>
Net Earnings	<u>\$ 721,858</u>	<u>\$ 353,417</u>

The earnings will be distributed when funds become available, and when the Board feels reserves are adequate to meet operating needs.

At December 31, 2022 and 2021, the Utility's investment in WIMECA was as follows:

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**NOTES TO FINANCIAL STATEMENTS**

	December 31, 2021	December 31, 2021
Beginning Balance	\$ 687,984	\$ 630,108
Add: Net Earnings	226,835	112,887
Less: Dividends Received	(22,669)	(55,011)
Ending Balance	<u>\$ 892,150</u>	<u>\$ 687,984</u>

**NOTE 16 – LEASE RECEIVABLE**

The Utility leases space to third parties on their water towers for the purpose of operating telecommunication antennas. The lease agreements were effective January 1, 2019 and August 1, 2020 and are effective for a period of 7 years with an optional 6 additional 5 year terms. Payments are received monthly at \$1,486 and \$750 respectively. The Utility also leases fiber to a third party with an effective date of March 1, 2021. The lease is effective for a period of 3 years with an optional 2 additional years.

The annual lease income is estimated with an incremental borrowing rate of 7.50% as of December 31, 2022. The annual principal and interest to be received on these lease agreements are as follows:

Year Ended December 31,	Principal	Interest	Total
2023	4,838	25,537	30,375
2024	5,214	25,161	30,375
2025	5,619	24,756	30,375
2026	6,055	24,320	30,375
2027	2,906	23,929	26,835
Thereafter	305,421	490,954	796,375
Total	<u>330,053</u>	<u>614,657</u>	<u>944,710</u>

**NOTE 17 – ACCOUNTING CHANGE**

Governmental Accounting Standards Board Statement No. 87, *Leases*, was implemented during the year. The new requirements require the reporting of certain lease assets and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	Lease Receivables	Lease Related Deferred Inflows of Resources
Balances December 31, 2021, as previously reported:	\$ -	-
Change to implement GASB No. 87	344,687	344,687
Balances December 31, 2021, as restated:	<u>\$ 344,687</u>	<u>344,687</u>

**NOTE 18 – SUBSEQUENT EVENTS**

The Utility's management has evaluated events and transactions for potential recognition or disclosure through May 22, 2023 the date the financial statements were available to be issued.

Due to rising retransmission cost from network providers, the board of trustees has elected to discontinue cable TV services for all customers effective April 1, 2023.

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 18 – PROSPECTIVE ACCOUNTING CHANGE**

Governmental Accounting Standards Board has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement will be implemented for the year ended December 31, 2024. The revised requirements of this standard will require reporting certain assets and liabilities for the right-to-use another party's information technology software alone or in combination with tangible capital assets that are not currently reported.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**MANNING MUNICIPAL UTILITIES  
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**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN BALANCES – BUDGET AND ACTUAL**

**YEAR ENDED DECEMBER 31, 2022**

		Budgeted Amounts		Final to
	Actual	Original	Final	Actual
				Variance
Revenues and other financing sources:				
Use of money and property	\$ 89,642	34,700	34,700	54,942
Charges for services	6,672,305	5,899,950	5,899,950	772,355
Miscellaneous	30,795	282,500	282,500	(251,705)
Total revenues and other financing sources	<u>6,792,742</u>	<u>6,217,150</u>	<u>6,217,150</u>	<u>575,592</u>
Expenditures and transfers out	<u>5,938,225</u>	<u>6,204,027</u>	<u>6,204,027</u>	<u>265,802</u>
Excess of revenues and other financing sources over expenditures and transfers out	854,517	13,123	13,123	841,394
Net position, beginning of year	<u>15,559,445</u>	<u>14,739,773</u>	<u>14,739,773</u>	<u>819,672</u>
Net position, end of year	<u><u>\$16,413,962</u></u>	<u><u>14,752,896</u></u>	<u><u>14,752,896</u></u>	<u><u>1,661,066</u></u>

In accordance with the Code of Iowa, the Utility's Board of Trustees annually adopts a budget on an accrual basis following required public notice and hearing. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures

During the year ended December 31, 2022, there were no budget amendments. Disbursements did not exceed the budgeted limits for the year ended December 31, 2022.

**MANNING MUNICIPAL UTILITIES**  
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**SCHEDULE OF THE UTILITY'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**FOR THE LAST EIGHT YEARS\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Utility's proportion of the net pension liability	-0.002554%	0.006230%	0.005838%	0.006953%	0.063940%
Utility's proportionate share of the net pension liability	8,818	437,666	338,058	440,024	422,045
Utility's covered payroll	528,941	505,689	427,818	457,553	519,684
Utility's proportionate share of the net pension liability as a percentage of its covered payroll	1.67%	86.55%	79.02%	96.17%	81.21%
Plan fiduciary net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%	82.21%

Note: GASB 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Utility will present information for those years for which information is available.

See accompanying independent auditor's report.

<u>2017</u>	<u>2016</u>	<u>2015</u>
0.007401%	0.007477%	0.007532%
417,045	461,518	371,742
499,139	519,565	508,809
83.55%	88.83%	73.06%
81.82%	85.19%	87.16%

**MANNING MUNICIPAL UTILITIES**  
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**SCHEDULE OF UTILITY CONTRIBUTIONS**  
**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**FOR THE LAST NINE YEARS\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 54,336	49,932	47,737	40,386	41,346
Contributions in relation to the statutorily required contribution	<u>(54,336)</u>	<u>(49,932)</u>	<u>(47,737)</u>	<u>(40,386)</u>	<u>(41,346)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Utility's covered-employee payroll	\$ 575,597	528,941	505,689	427,818	457,553
Contributions as a percentage of covered-employee payroll	9.44%	9.44%	9.44%	9.44%	9.04%

Note: GASB 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Utility will present information for those years for which information is available.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
46,445	44,573	46,078	45,054
<u>(46,445)</u>	<u>(44,573)</u>	<u>(46,078)</u>	<u>(45,054)</u>
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
519,684	499,139	519,565	508,809
8.94%	8.93%	8.87%	8.85%

**MANNING MUNICIPAL UTILITIES  
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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION LIABILITY**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

*Changes of Benefit Terms*

There are no significant changes in benefit terms.

*Changes of Assumptions*

The 2018 valuation implemented the following refinements as a result of demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

## **OTHER INFORMATION**

**MANNING MUNICIPAL UTILITIES**  
**(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
**ELECTRIC UTILITY**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Operating revenue:		
Charges for service:		
Residential	\$ 870,927	\$ 833,587
Small commercial	249,225	238,873
Industrial	1,292,056	1,301,012
Large commercial	662,172	629,312
Street lights	-	2,239
Basin capacity payments	98,061	321,036
Miscellaneous	22,209	62,829
Total operating revenue	<u>\$ 3,194,650</u>	<u>\$ 3,388,888</u>
Operating expenses:		
Plant operation		
Salaries and related expenses	27,457	27,321
IPERS expense	(42,275)	19,446
Purchased power	1,708,094	1,715,593
Fuel	33,942	147,924
Maintenance	-	44,364
Depreciation	159,014	159,487
Generator maintenance	54,864	42,264
Total plant operation	<u>1,941,096</u>	<u>2,156,399</u>
Distribution		
Salaries and related expenses	98,922	69,376
Street light labor	7,904	3,675
Locating labor	4,455	5,799
City projects	4,812	2,949
Maintenance materials	48,104	50,540
Training	2,129	3,082
Truck expense	9,531	5,599
Depreciation	137,506	138,066
Total distribution expense	<u>313,363</u>	<u>279,086</u>

See accompanying independent auditor's report.



**MANNING MUNICIPAL UTILITIES  
(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**SCHEDULE OF OPERATING REVENUES AND EXPENSES  
ELECTRIC UTILITY**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Accounting and collections		
Salaries and related expenses	28,428	22,537
Meter reading salaries	2,119	2,517
Office and billing supplies	10,810	9,953
Total accounting and collection expense	<u>41,357</u>	<u>35,007</u>
Administration and general		
Salaries and related expenses	37,062	28,203
Employee insurance	48,381	41,979
Property and liability insurance	74,126	50,418
Professional services	9,165	11,095
Seminars and meetings	963	1,995
Dues	4,639	7,997
Uniforms	2,072	3,453
Trustee fees	988	599
Safety program	1,973	1,270
Legal notices and advertising	4,780	2,182
Rebate program	2,559	10,565
Computer maintenance and software	21,404	8,803
Building and shop maintenance and taxes	2,259	655
Rent	14,500	14,500
Telephone, internet and other utilities	3,551	3,393
Miscellaneous	13,493	8,609
Depreciation	17,810	19,739
Total administrative and general expenses	<u>259,725</u>	<u>215,455</u>
Total operating expenses	<u><u>\$ 2,555,541</u></u>	<u><u>\$ 2,685,947</u></u>

See accompanying independent auditor's report.

**MANNING MUNICIPAL UTILITIES**  
**(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
**GAS UTILITY**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Operating revenue:		
Charges for service:		
Residential	\$ 772,383	\$ 770,372
Commercial	640,703	604,441
Industrial	398,464	511,385
Large volume	98,937	91,585
FAC sales	512,172	533,234
Miscellaneous	107,310	50,383
Total operating revenue	<u>\$ 2,529,969</u>	<u>\$ 2,561,400</u>
Operating expenses:		
Production		
Purchased gas	1,322,439	1,288,794
Total production expense	<u>1,322,439</u>	<u>1,288,794</u>
Distribution		
Salaries and related expenses	86,692	105,659
Projects labor	-	112,608
Line labor	14,047	10,355
Chemicals	2,129	2,467
Maintenance materials and supplies	74,578	71,381
Training	5,865	1,331
City projects	1,882	2,082
Depreciation	349,444	235,126
Total distribution expense	<u>534,637</u>	<u>541,009</u>
Accounting and collections		
Salaries and related expenses	28,954	37,891
Office and billing expenses	8,777	4,426
Total accounting and collection expense	<u>37,731</u>	<u>42,317</u>
Administration and general		
Salaries and related expenses	35,848	48,161
IPERS expense	(53,000)	33,810
Employee insurance	52,891	57,262
Property and liability insurance	13,088	12,537

See accompanying independent auditor's report.

**MANNING MUNICIPAL UTILITIES**  
**(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**  
**SCHEDULE OF OPERATING REVENUES AND EXPENSES**  
**GAS UTILITY**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Administration and general - continued		
Professional services	28,424	25,879
Seminars and meetings	498	23
Dues	23,348	25,577
Uniforms	2,042	1,941
Trustee fees	1,018	599
Legal notices and advertising	4,722	2,169
Rebate program	1,959	4,150
Computer maintenance and software	27,553	7,656
Building and shop maintenance and taxes	1,161	810
Rent	15,040	15,040
Telephone, internet and other utilities	7,611	7,206
Miscellaneous	4,990	5,526
Depreciation	12,068	12,068
Total administrative and general expenses	<u>179,261</u>	<u>260,414</u>
 Total operating expenses	 <u><u>\$ 2,074,068</u></u>	 <u><u>\$ 2,132,534</u></u>

See accompanying independent auditor's report.

**MANNING MUNICIPAL UTILITIES**  
**(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**SCHEDULES OF OPERATING REVENUE & EXPENSES**  
**COMMUNICATIONS UTILITY**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Cable TV		Telephone	
	2022	2021	2022	2021
Operating revenue:				
Charges for service:				
Basic TV	\$ 251,606	\$ 292,940	-	-
Movie packages	609	1,605	-	-
Cable services	-	-	117,886	129,564
Carrier access fees	-	-	14,791	43,507
Calling features	-	-	7,768	17,078
Internet	-	-	-	-
Miscellaneous	6,966	50,426	16,427	3,972
Total operating revenue	<u>\$ 259,181</u>	<u>\$ 344,971</u>	<u>156,872</u>	<u>194,121</u>
Operating expenses:				
Plant operations				
Cable signal charges	243,082	253,634	-	-
Long distance switching fees	-	-	53,574	42,262
Switching fee - Templeton	-	-	4,841	16,968
Carrier access fees	-	-	25,626	17,887
Calling features	-	-	5,733	8,220
Internet charges	-	-	-	-
Total plant operations	<u>243,082</u>	<u>253,634</u>	<u>89,774</u>	<u>85,337</u>
Distribution				
Salaries and related expenses	45,232	18,946	40,095	18,502
Depreciation	8,207	9,343	3,481	3,176
Maintenance materials and supplies	2,337	5,445	36,534	1,881
Transportation and freight	1,143	735	1,335	600
Total distribution	<u>56,919</u>	<u>34,469</u>	<u>81,445</u>	<u>24,159</u>
Accounting and collection				
Salaries and related expenses	2,901	3,181	2,987	2,883
Office and billing expenses	5,866	4,140	6,555	4,882
Total accounting and collection	<u>8,767</u>	<u>7,321</u>	<u>9,542</u>	<u>7,765</u>

See accompanying independent auditor's report.

Internet		Total	
2022	2021	2022	2021
-	-	251,606	292,940
-	-	609	1,605
-	-	117,886	129,564
-	-	14,791	43,507
-	-	7,768	17,078
501,026	442,242	501,026	442,242
30,607	16,745	54,000	71,143
<u>531,633</u>	<u>458,987</u>	<u>947,686</u>	<u>998,079</u>
-	-	243,082	253,634
-	-	53,574	42,262
-	-	4,841	16,968
-	-	25,626	17,887
-	-	5,733	8,220
62,565	47,019	62,565	47,019
<u>62,565</u>	<u>47,019</u>	<u>395,421</u>	<u>385,990</u>
27,857	29,553	113,184	67,001
18,918	19,112	30,606	31,631
6,869	13,260	45,740	20,586
2,530	936	5,008	2,271
<u>56,174</u>	<u>62,861</u>	<u>194,538</u>	<u>121,489</u>
3,127	4,468	9,015	10,532
7,884	5,480	20,305	14,502
<u>11,011</u>	<u>9,948</u>	<u>29,320</u>	<u>25,034</u>

**MANNING MUNICIPAL UTILITIES**  
**(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**SCHEDULES OF OPERATING REVENUE & EXPENSES**  
**COMMUNICATIONS UTILITY**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Cable TV		Telephone	
	2022	2021	2022	2021
Administrative and general				
Salaries and related expenses	20,469	13,871	21,767	12,356
IPERS expense	65,419	4,157	(60,562)	3,978
Employee insurance	13,504	14,895	14,735	15,103
Property and liability insurance	6,456	7,924	6,456	2,200
Professional services	11,405	9,269	11,405	9,269
Seminars and meetings	351	294	351	294
Dues	71	749	143	823
Uniforms	480	312	645	312
Trustee fees	329	599	329	599
Legal notices and advertising	2,513	1,781	1,475	544
Computer maintenance and software	5,755	1,462	5,817	1,462
Rent	2,884	2,884	2,884	2,884
Telephone, internet and other utilities	6,156	5,813	6,346	5,788
Miscellaneous	20,665	2,248	4,638	2,704
Total administrative and general expenses	<u>156,457</u>	<u>66,258</u>	<u>16,429</u>	<u>58,316</u>
 Total operating expenses	 <u><u>465,225</u></u>	 <u><u>361,682</u></u>	 <u><u>197,189</u></u>	 <u><u>175,577</u></u>

See accompanying independent auditor's report.

Internet		Total	
2022	2021	2022	2021
25,073	20,594	67,308	46,821
46,453	4,724	51,310	12,859
15,388	15,232	43,627	45,230
8,012	2,285	20,924	12,409
11,719	9,269	34,529	27,807
1,691	570	2,393	1,158
1,654	798	1,868	2,370
480	1,281	1,605	1,905
329	599	987	1,797
5,406	1,625	9,394	3,950
9,381	1,461	20,953	4,385
2,884	2,884	8,652	8,652
6,214	5,842	18,716	17,443
13,965	14,713	39,268	19,665
148,649	81,877	321,534	206,451
278,399	201,705	940,813	738,964



T.P. ANDERSON & COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of  
Manning Municipal Utilities  
Manning, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund of Manning Municipal Utilities (the Utility), a component unit of the City of Manning, Iowa, as of and for the years ended December 31, 2022 and 2021, and the related Notes to Financial Statements, which collectively comprise the Utility's basic financial statements, and have issued our report thereon dated May 22, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Utilities' internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Utility's internal control. Accordingly, we do not express an opinion on the effectiveness of the Utility's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Utility's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified deficiencies, described as items I-A-22 and I-B-22 in Part I of the accompanying Schedule of Findings, which we consider to be significant deficiencies.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Utility's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.



However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance which are described in Part II of the accompanying schedule of findings.

Comments involving statutory and other legal matters about the Utility's operations for the year ended December 31, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Utility. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **Utility's Response to Findings**

*Governmental Auditing Standards* requires the auditor to perform limited procedures on the Utility's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Utility's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Utility's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utility's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*T.P. Anderson & Company, P.C.*

May 22, 2023  
Humboldt, Iowa

**MANNING MUNICIPAL UTILITIES  
(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**SCHEDULE OF FINDINGS**

**YEAR ENDED DECEMBER 31, 2022**

**Part I: Findings Related to the Financial Statements**

**INTERNAL CONTROL DEFICIENCIES:**

**I-A-22    Segregation of Duties**

Condition – Generally, we noted that from time to time one individual may have control over each one of the following areas:

- 1) Cash – handling, reconciling and recording.
- 2) Receipts – opening mail, collecting, depositing, journalizing, reconciling and posting.
- 3) Disbursements – purchasing, invoice processing, check writing, mailing, reconciling and recording.
- 4) Payroll – entering rates and hours into the system, recordkeeping, preparing, signing and distributing, reconciling total deposits and checks posted against the bank account equal the payroll register total.
- 5) Utilities – billing, collecting, depositing, posting, and entering rates into the system.
- 6) Journal entries – preparing and journalizing.

Criteria – A properly designed system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to its completion.

Cause – The Utility has a limited number of employees and procedures have not been designed to provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the Utility’s ability to prevent or detect and correct misstatements, errors, or misappropriations on a timely basis.

Recommendation – We realize segregation of duties is difficult and may impede productivity with a limited number of employees. However, the Utility should review its control procedures to obtain the maximum internal control possible under the circumstances, utilizing all available staff and appointed officials. Independent reviews of payroll records and payments should be done independent of those involved in the processes and the review should be evidenced by the signature or initials of the reviewer and the date of the review. Board members can also pick months at random and review bank statement activity and request supporting documentation for any large and unusual payments.

Response – We will continue to work toward improving our segregation of duties.

Conclusion – Response accepted.

**I-B-22    Material Audit Adjustments**

Condition – Material audit adjustments were required in order to present the financial statements fairly in accordance with U.S. generally accepted accounting principles.

**MANNING MUNICIPAL UTILITIES  
(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**SCHEDULE OF FINDINGS**

**YEAR ENDED DECEMBER 31, 2022**

Criteria – A properly designed system of internal control provides for the prevention or the detection and correction of material misstatements in a timely manner.

Cause – The Utility does not have adequate controls in place to ensure that all accounts are adjusted to the appropriate year-end balances in accordance with U.S. generally accepted accounting principles.

Effect – Material misstatements could be present in the financial statements that were not prevented or detected and corrected by the Utility’s internal controls.

Recommendation – We recommend that the accounting staff review adjusting entries done in the prior year before finalizing the next year-end financial data to ensure that they are accounting for all transactions completely and accurately to the best of their ability.

Response – We will consider the recommendation and work toward addressing this issue.

Conclusion – Response accepted.

**Part II: Other Findings Related to Statutory Reporting**

- II-A-22     Certified Budget – Disbursements during the year ended December 31, 2022 did not exceed the budgeted limits for the year.
- II-B-22     Questionable Expenditures – We noted no expenditures that we believe did not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- II-C-22     Travel Expenses – No disbursements of the Utility’s money for travel expenses of spouses of its officials or employees were noted.
- II-D-22     Business Transactions – Business transactions between the Utility and its officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Jeremy Carroll, General Manager, Owner of 5 <sup>th</sup> & Main Auto	Chevy 3500 Crew Cab	\$ 49,000

The transaction above does not appear to represent a conflict of interest since it was entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

Recommendation – The Utility should be aware of the potential for a conflict of interest when dealing with members of the Board of Trustees, its employees, and relatives of the board and employees. Proper due diligence is required when conducting business with related parties, which is prohibited unless it falls under an exception under Code 362.5 of the Iowa code.

**MANNING MUNICIPAL UTILITIES  
(A COMPONENT UNIT OF THE CITY OF MANNING, IOWA)**

**SCHEDULE OF FINDINGS**

**YEAR ENDED DECEMBER 31, 2022**

Response – We understand the compliance requirements for related parties and will keep this in mind when future possible conflicts of interest arise.

Conclusion – Response accepted.

II-E-22     Bond Coverage – Surety bond coverage of Utility officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-22     Board of Trustees Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Although minutes of the Board proceedings were published, we identified instances where they were not published within 15 days as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The Utility should comply with the Code of Iowa and be able to prove that they published board meeting minutes within 15 days of the meeting.

Response – We will try to meet the publication requirements in the future.

Conclusion – Response accepted.

II-G-22     Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Utility’s investment policy were noted.

II-H-22     Revenue Notes – No instances of noncompliance with revenue note provisions were noted.

II-I-22     Telecommunications Services – No instances of non-compliance with Chapter 388.10 of the Code of Iowa were noted.